

701—17.18(422,423) Films, video tapes and other media, exempt rental and sale.

17.18(1) *Exempt rental.* The gross receipts from the rental of films, video and audio tapes or discs, records, photos, copy, scripts, or other media used for the purpose of transmitting that which can be seen, heard or read shall not be taxable if the lessee either:

a. Imposes a charge for the viewing or rental of the media and that charge will be subject to Iowa sales or use tax, or

b. The lessee broadcasts the contents of the media for public viewing or listening.

The gross receipts from lessees who are film exhibitors or who rent video tapes and discs would ordinarily be exempt from tax under this rule. The rental of media for reproduction of images into newspapers or periodicals will not be exempt from tax under this rule since neither of criteria “*a*” or “*b*” above will occur. The rental of films, video tapes and video discs for home viewing is not exempt from tax.

17.18(2) *Exempt sale.* Retroactive to July 1, 1984, gross receipts from the sale to persons regularly engaged in the business of leasing or renting media of motion picture films, video and audio tapes or discs, and records, or any other media which can be seen, heard, or read are exempt from tax if the ultimate leasing or renting of the media is subject to Iowa sales or use tax.

This rule is intended to implement Iowa Code sections 422.45(24) and 422.45(41).